

EXHIBIT NO. ____ (DEM-9)
DOCKET NO. UE-070565
2007 PSE PCORC
WITNESS: DAVID E. MILLS

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-070565

**SECOND EXHIBIT TO THE
PREFILED SUPPLEMENTAL DIRECT TESTIMONY
(NONCONFIDENTIAL) OF DAVID E. MILLS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

May 23, 2007

PUGET SOUND ENERGY
Updated 2007 PCORC vs As-filed 2007 PCORC Power Cost Projections

Updated w 5.10.07 gas prices

LN	FERC	Contract/Resource	As-filed 2007PCORC (costs in '000s)			2007PCORC (Sept '07- Aug '08) (costs in '000s)			Increase / (Decrease) Costs (costs in '000s)			As-filed 2007PCORC	Updated 2007PCORC	Incr/(Decr)
			AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	MWH	MWH	MWH
1	a/c													
2	501	Colstrip 1&2	22,135	3,802	25,937	23,579	4,127	27,705	1,444	325	1,769	2,224,998	2,224,303	(695)
3	501	Colstrip 3&4	24,614	5,476	30,090	25,740	5,576	31,316	1,126	100	1,226	2,781,767	2,781,627	(139)
4	547	Encogen	18,935	(25,161)	(6,226)	19,620	(27,637)	(8,017)	685	(2,476)	(1,791)	264,256	263,012	(1,244)
5	547	Fred 1	32,461	6,897	39,358	34,123	6,311	40,434	1,662	(586)	1,076	568,533	574,238	5,704
6	547	Goldendale	81,172	4,219	85,391	88,353	3,316	91,668	7,181	(904)	6,277	1,437,971	1,504,848	66,878
7	547	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0
8	547	Frederickson 1&2	360	0	360	405	0	405	45	0	45	3,734	4,071	337
9	547	Fredonia 1&2	1,290	791	2,081	1,466	791	2,257	176	0	176	14,314	15,654	1,340
10	547	Fredonia 3&4	953	791	1,744	891	791	1,682	(63)	0	(63)	11,784	10,519	(1,265)
11	547	Whitehorn 2&3	283	181	464	324	181	505	41	0	41	2,883	3,177	294
12	555	Baker Replacement	0	0	0	0	0	0	0	0	0	7,081	7,081	0
13	555	BC Hydro Point Roberts	1,560	0	1,560	1,605	0	1,605	45	0	45	19,808	19,808	0
14	555	BPA Firm - WNP #3 Exchange	11,693	0	11,693	11,692	0	11,692	(1)	0	(1)	319,507	319,493	(14)
15	555	BPA Snohomish Conservation	3,784	0	3,784	3,784	0	3,784	0	0	0	90,304	90,304	0
16	555	Canadian EA	0	0	0	0	0	0	0	0	0	(290,350)	(290,350)	0
17	555	Market Purchase	253,458	(484)	252,974	310,895	(5,216)	305,679	57,437	(4,732)	52,706	4,063,138	4,728,688	665,549
18	447	Market Sale	(11,311)	0	(11,311)	(6,530)	0	(6,530)	4,781	0	4,781	(234,213)	(141,255)	92,959
19	555	Mid Columbia	0	93,705	93,705	0	94,369	94,369	0	664	664	5,801,568	5,801,568	0
20	555	MPC Firm Contract	4,983	36,835	41,818	5,216	36,835	42,051	233	0	233	750,487	750,487	0
21	555	Nooksack Hydro	1,284	(60)	1,224	1,335	(62)	1,272	50	(2)	48	21,960	21,960	0
22	555	PG&E Exchange	0	0	0	0	0	0	0	0	0	5,957	5,957	0
23	555	PR Displacement Product	6,309	0	6,309	6,309	0	6,309	0	0	0	213,608	213,608	0
24	555	Puget's Hydro	0	0	0	0	0	0	0	0	0	997,535	1,032,789	35,254
25	555	QF Koma Kulshan Hydro	2,981	0	2,981	2,981	0	2,981	0	0	0	38,961	38,961	0
26	555	QF March Point Cogen Phase1	37,323	0	37,323	37,323	0	37,323	0	0	0	670,782	670,782	0
27	555	QF March Point Cogen Phase2	29,758	0	29,758	29,869	0	29,869	111	0	111	433,160	440,004	6,844
28	555	QF Port Townsend Hydro	143	(7)	137	149	(7)	142	6	(0)	6	2,512	2,512	0
29	555	QF Puyallup Energy Recovery Co. (PERC)	642	340	982	668	340	1,007	25	0	25	10,905	10,905	0
30	555	QF Spokane MSW	12,823	0	12,823	12,823	0	12,823	0	0	0	142,764	142,764	0
31	555	QF Sumas	57,881	0	57,881	0	0	0	(57,881)	0	(57,881)	830,740	0	(830,740)
32	555	QF Sygitowicz	45	0	45	45	0	45	0	0	0	707	707	0
33	555	QF Tenaska	128,756	26,962	155,718	130,511	26,962	157,473	1,755	0	1,755	852,211	834,699	(17,512)
34	555	QF Twin Falls	5,168	0	5,168	5,168	0	5,168	0	0	0	68,910	68,910	0
35	555	QF Weeks Falls	926	0	926	926	0	926	0	0	0	12,341	12,341	0
36	555	Wasco Hydro	2,491	0	2,491	2,491	0	2,491	0	0	0	38,208	38,208	0
37	565	Hopkins Ridge Wind	0	3,226	3,226	0	3,225	3,225	0	(1)	(1)	457,378	457,378	0
38	555	Wild Horse Wind	0	2,725	2,725	0	2,725	2,725	0	0	0	641,924	641,924	0
39	555	Vanderhaak Dairy	0	0	0	0	0	0	0	0	0	0	0	0
40	555	ORMAT	1,308	0	1,308	0	0	0	(1,308)	0	(1,308)	23,552	0	(23,552)
41	555	QF Hutchinson	0	0	0	0	0	0	0	0	0	0	0	0
42	557	Other Power Costs	0	7,243	7,243	0	7,332	7,332	0	89	89	0	0	0
43	565	Wheeling	0	63,930	63,930	0	65,478	65,478	0	1,548	1,548	0	0	0
44	555	Douglas Settlement	0	(5,000)	(5,000)	0	(4,302)	(4,302)	0	698	698	0	0	0
45	555	Capacity	0	728	728	0	634	634	0	(94)	(94)	0	0	0
46	555	Powerex	0	0	0	0	0	0	0	0	0	0	0	0
47	456	(Gain) / Loss on Sale of Excess Gas	0	(1,020)	(1,020)	0	(592)	(592)	0	428	428	0	0	0
48	555	BEP Amort	0	3,527	3,527	0	3,527	3,527	0	0	0	0	0	0
49	547	Gas Contracts Mark to Market	0	0	0	0	1,803	1,803	0	1,803	1,803	0	0	0
50	J1	Total	\$ 734,209	\$ 229,647	\$ 963,855	\$ 751,758	\$ 226,507	\$ 978,265	\$ 17,549	\$ (3,139)	\$ 14,410	23,301,683	23,301,683	0
52	501	Coal Fuel	46,749	9,278	56,027	49,319	9,703	59,022	2,570	425	2,995	5,006,765	5,005,931	(834)
53	547	Natural Gas Fuel	135,454	(12,282)	123,172	145,181	(14,444)	130,738	9,727	(2,161)	7,565	2,303,474	2,375,519	72,045
54	555	Purchase & Interchange	563,316	159,272	722,588	563,787	155,805	719,592	472	(3,467)	(2,995)	15,768,279	15,604,110	(164,169)
55	557	Other Power Supply	0	7,243	7,243	0	7,332	7,332	0	89	89	0	0	0
56	565	Wheeling	0	67,156	67,156	0	68,703	68,703	0	1,547	1,547	457,378	457,378	0
57	447	Secondary Sales	(11,311)	0	(11,311)	(6,530)	0	(6,530)	4,781	0	4,781	(234,213)	(141,255)	92,959
58	456	Non-Core Gas	0	(1,020)	(1,020)	0	(592)	(592)	0	428	428	0	0	0
59	J1	Total	\$ 734,209	\$ 229,647	\$ 963,855	\$ 751,758	\$ 226,507	\$ 978,265	\$ 17,549	\$ (3,139)	\$ 14,410	23,301,683	23,301,683	0
61		Prudence & Buyout Disallowances			\$ (10,249)			\$ (10,300)			\$ (51)			
62		Production O&M (including ben & p/r tax)			92,064			91,505			(559)			
63		Colstrip 500 KV Expense			1,352			1,352			-			
64		Costs for Revenue Requirement			\$ 1,047,022			\$ 1,060,822			\$ 13,800			

PUGET SOUND ENERGY
Updated 2007 PCORC vs 2006 GRC Power Cost Projections

		Final Order			2006 GRC (Jan'07-Dec'07)			2007PCORC (Sept '07- Aug '08)			Increase / (Decrease) Costs			Final Order		
		(costs in '000s)			(costs in '000s)			(costs in '000s)			(costs in '000s)					
LN	FERC	Contract/Resource	AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	AURORA	MWH	07PCORC MWH	Incr/(Decr) MWH	
1	a/c															
2	501	Colstrip 1&2	21,502	3,505	25,007	23,579	4,127	27,705	2,077	621	2,699	2,344,968	2,224,303	(120,665)		
3	501	Colstrip 3&4	22,366	4,873	27,239	25,740	5,576	31,316	3,374	703	4,077	2,587,832	2,781,627	193,795		
4	547	Encogen	17,678	(30,571)	(12,893)	19,620	(27,637)	(8,017)	1,942	2,934	4,876	249,809	263,012	13,203		
5	547	Fred 1	31,655	9,571	41,226	34,123	6,311	40,434	2,468	(3,260)	(792)	555,774	574,238	18,464		
6	547	Goldendale	0	0	0	88,353	3,316	91,668	88,353	3,316	91,668	0	1,504,848	1,504,848		
7	547	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0		
8	547	Frederickson 1&2	188	0	188	405	0	405	217	0	217	1,987	4,071	2,085		
9	547	Fredonia 1&2	797	791	1,588	1,466	791	2,257	669	0	669	8,918	15,654	6,736		
10	547	Fredonia 3&4	361	791	1,152	891	791	1,682	530	0	530	4,467	10,519	6,052		
11	547	Whitehorn 2&3	140	181	320	324	181	505	185	0	185	1,432	3,177	1,745		
12	555	Baker Replacement	0	0	0	0	0	0	0	0	0	7,009	7,081	73		
13	555	BC Hydro Point Roberts	1,424	0	1,424	1,605	0	1,605	181	0	181	19,678	19,808	130		
14	555	BPA Firm - WNP #3 Exchange	11,968	0	11,968	11,692	0	11,692	(277)	0	(277)	390,832	319,493	(71,338)		
15	555	BPA Snohomish Conservation	4,426	0	4,426	3,784	0	3,784	(643)	0	(643)	92,864	90,304	(2,560)		
16	555	Canadian EA	0	0	0	0	0	0	0	0	0	(293,355)	(290,350)	3,005		
17	555	Market Purchase	260,019	13,866	273,885	310,895	(5,216)	305,679	50,876	(19,082)	31,794	4,332,974	4,728,688	395,714		
18	447	Market Sale	(7,471)	0	(7,471)	(6,530)	0	(6,530)	941	0	941	(173,868)	(141,255)	32,613		
19	555	Mid Columbia	0	86,811	86,811	0	94,369	94,369	0	7,558	7,558	5,714,970	5,801,568	86,597		
20	555	MPC Firm Contract	4,566	35,865	40,431	5,216	36,835	42,051	649	970	1,620	698,228	750,487	52,260		
21	555	Nooksack Hydro	1,216	(61)	1,155	1,335	(62)	1,272	119	(2)	117	21,900	21,960	60		
22	555	PG&E Exchange	0	0	0	0	0	0	0	0	0	2,044	5,957	3,913		
23	555	PR Displacement Product	8,568	0	8,568	6,309	0	6,309	(2,259)	0	(2,259)	255,406	213,608	(41,798)		
24	555	Puget's Hydro	0	0	0	0	0	0	0	0	0	1,136,080	1,032,789	(103,290)		
25	555	QF Koma Kulshan Hydro	3,047	0	3,047	2,981	0	2,981	(66)	0	(66)	39,799	38,961	(839)		
26	555	QF March Point Cogen Phase1	38,338	0	38,338	37,323	0	37,323	(1,015)	0	(1,015)	698,627	670,782	(27,846)		
27	555	QF March Point Cogen Phase2	26,030	0	26,030	29,869	0	29,869	3,838	0	3,838	383,707	440,004	56,297		
28	555	QF Port Townsend Hydro	138	(7)	131	149	(7)	142	11	(0)	11	2,545	2,512	(33)		
29	555	QF Puyallup Energy Recovery Co. (PERC)	726	340	1,066	668	340	1,007	(58)	0	(58)	12,970	10,905	(2,064)		
30	555	QF Spokane MSW	12,700	0	12,700	12,823	0	12,823	123	0	123	142,148	142,764	616		
31	555	QF Sumas	55,597	0	55,597	0	0	0	(55,597)	0	(55,597)	790,343	0	(790,343)		
32	555	QF Sygitowicz	44	0	44	45	0	45	1	0	1	717	707	(10)		
33	555	QF Tenaska	121,807	24,343	146,150	130,511	26,962	157,473	8,704	2,619	11,323	729,843	834,699	104,856		
34	555	QF Twin Falls	5,247	0	5,247	5,168	0	5,168	(78)	0	(78)	69,955	68,910	(1,044)		
35	555	QF Weeks Falls	943	0	943	926	0	926	(17)	0	(17)	12,569	12,341	(227)		
36	555	Wasco Hydro	2,465	0	2,465	2,491	0	2,491	26	0	26	37,994	38,208	214		
37	565	Hopkins Ridge Wind	0	3,182	3,182	0	3,225	3,225	0	43	43	460,940	457,378	(3,562)		
38	555	Wild Horse Wind	0	2,593	2,593	0	2,725	2,725	0	133	133	630,244	641,924	11,679		
39	555	Vanderhaak Dairy	0	0	0	0	0	0	0	0	0	0	0	0		
40	555	ORMAT	0	0	0	0	0	0	0	0	0	0	0	0		
41	555	QF Hutchinson	0	0	0	0	0	0	0	0	0	0	0	0		
42	557	Other Power Costs	0	7,700	7,700	0	7,332	7,332	0	(367)	(367)	0	0	0		
43	565	Wheeling	0	55,882	55,882	0	65,478	65,478	0	9,595	9,595	0	0	0		
44	555	Douglas Settlement	0	(6,639)	(6,639)	0	(4,302)	(4,302)	0	2,337	2,337	0	0	0		
45	555	Capacity	0	996	996	0	634	634	0	(362)	(362)	0	0	0		
46	555	Powerex	0	0	0	0	0	0	0	0	0	0	0	0		
47	456	(Gain) / Loss on Sale of Excess Gas	0	406	406	0	(592)	(592)	0	(998)	(998)	0	0	0		
48	555	BEP Amort	0	3,527	3,527	0	3,527	3,527	0	0	0	0	0	0		
49	547	Gas Contracts Mark to Market	0	0	0	0	1,803	1,803	0	1,803	1,803	0	0	0		
50		Total	\$ 646,485	\$ 217,944	\$ 864,429	\$ 751,758	\$ 226,507	\$ 978,265	\$ 105,273	\$ 8,563	\$ 113,836	21,972,348	23,301,683	1,329,335		
51																
52	501	Coal Fuel	43,868	8,378	52,246	49,319	9,703	59,022	5,451	1,325	6,776	4,932,800	5,005,931	73,131		
53	547	Natural Gas Fuel	50,819	(19,237)	31,582	145,181	(14,444)	130,738	94,362	4,793	99,156	822,386	2,375,519	1,553,133		
54	555	Purchase & Interchange	559,269	161,633	720,903	563,787	155,805	719,592	4,518	(5,828)	(1,310)	15,930,090	15,604,110	(325,980)		
55	557	Other Power Supply	0	7,700	7,700	0	7,332	7,332	0	(367)	(367)	0	0	0		
56	565	Wheeling	0	59,064	59,064	0	68,703	68,703	0	9,639	9,639	460,940	457,378	(3,562)		
57	447	Secondary Sales	(7,471)	0	(7,471)	(6,530)	0	(6,530)	941	0	941	(173,868)	(141,255)	32,613		
58	456	Non-Core Gas	0	406	406	0	(592)	(592)	0	(998)	(998)	0	0	0		
59		Total	\$ 646,485	\$ 217,944	\$ 864,429	\$ 751,758	\$ 226,507	\$ 978,265	\$ 105,273	\$ 8,563	\$ 113,836	21,972,348	23,301,683	1,329,335		
60																
61		Prudence & Buyout Disallowances			\$ (11,117)			\$ (10,300)			\$ 817					
62		Production O&M (including ben & p/r tax)			80,119			91,505			11,386					
63		Colstrip 500 KV Expense			870			1,352			482					
64		Costs for Revenue Requirement			\$ 934,301			\$ 1,060,822			\$ 126,521					

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